

Message Text

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ORIGIN EB-07

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-----122350Z 078541 /15
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FM SECSTATE WASHDC
TO AMEMBASSY ATHENS IMMEDIATE
INFO AMEMBASSY ANKARA IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, GR

SUBJECT: GREEK ARREARAGES ON USG DEBT

1. THE FOLLOWING IS IN RESPONSE TO YOUR MAY 11 TELEPHONE
CALL NOTING GREEK GOVERNMENT CONCERN AT ARREARAGES ON USG
DEBT ATTRIBUTABLE TO GREECE AS RECENTLY PUBLISHED BY CON-
GRESSMAN ALEXANDER.

2. AS OF DECEMBER 31, 1976, PRINCIPAL AND INTEREST DUE AND
UNPAID 90 DAYS OR MORE ON USG DEBT OWED BY GREECE TOTALED
140.5 MILLION DOLS. THIS IS ALMOST ENTIRELY ATTRIBUTABLE
TO 18.9 MILLION DOLS ARISING FROM LOGISTICAL SUPPORT PRO-
VIDED BY THE USG DURING THE KOREAN CONFLICT, AND 121.6
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MILLION DOLS ON DEBT OWED UNDER THE MILITARY SALES ACT.

3. THE ISSUE OF THE KOREAN LOGISTICAL SUPPORT DEBT IS A
LONGSTANDING ONE. IT INVOLVES A TOTAL OF 200 MILLION DOLS
ARISING FROM LOGISTICAL SUPPORT PROVIDED BY THE U.S. TO
OTHER NATIONS DURING THE KOREAN CONFLICT. THE ARREARAGES
RELATE TO THE ACCOUNTS OF SIX COUNTRIES (COLOMBIA, ETHIOPIA,

GREECE, THE PHILIPPINES, THAILAND AND TURKEY). THE HISTORY OF THIS DEBT IS COMPLEX AND PRESENTS A UNIQUE SITUATION AS ILLUSTRATED BY THE FACT THAT THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS HAS RECOMMENDED THAT "CONGRESS SHOULD CONSIDER LEGISLATION REMOVING THE KOREAN WAR DEBT CLAIM... FROM THE TREASURY DEPARTMENT'S CATEGORY OF OUTSTANDING U.S. DEBTS." THE ISSUE OF THESE DEBTS HAS BEEN UNDER INTENSIVE STUDY BY THE DEPARTMENTS OF STATE, DEFENSE AND TREASURY. THE THREE DEPARTMENTS WITH THE SUPPORT OF THE NATIONAL ADVISORY COUNCIL HAVE DECIDED TO REQUEST CONGRESS CONSIDER SUCH LEGISLATION, AND THE OFFICE OF MANAGEMENT AND BUDGET HAS BEEN SO INFORMED. WE EXPECT TO INTRODUCE LEGISLATION FOR CONGRESSIONAL ACTION IN 1977.

4. WE HAVE CHECKED WITH DOD REGARDING ARREARAGES ATTRIBUTABLE TO MILITARY SALES. DOD'S RECORDS AS OF MARCH 31, 1977, SHOW GREECE AS CURRENT IN THESE PAYMENTS.

5. IN CONTACTS WITH CONGRESS, WE HAVE REPEATEDLY EMPHASIZED THAT A STATISTICAL LISTING OF ARREARAGES CAN CREATE A MISLEADING IMPRESSION OF DEBTOR COUNTRIES' ACTUAL CREDITSTANDING VIS-A-VIS THE USG. WE WILL CONTINUE TO PURSUE THIS MATTER WITH CONGRESS, AND WILL IN PARTICULAR ADVISE CONGRESSMAN ALEXANDER OF GREECE'S CURRENT GOOD CREDIT-

STANDING ON USG DEBT. TEXT OF DEPARTMENT LETTER WILL FOLLOW ASAP.

6. IN RESPONDING TO ANY INQUIRIES ON ARREARAGE ISSUE YOU LIMITED OFFICIAL USE

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SHOULD POINT OUT THE ORIGIN OF THE DEBT AS PER PARAGRAPH 2. YOU SHOULD NOTE THAT DOD RECORDS NOW SHOW GREECE AS CURRENT IN MILITARY SALES DEBT. WITH REGARD TO KOREAN CONFLICT LOGISTIC SUPPORT DEBT, YOU SHOULD NOTE THAT THE DEBT IN QUESTION DATES BACK TO THE 1950'S WHEN THE ARMED FORCES OF TWENTY NATIONS SERVING UNDER THE UNITED NATIONS COMMAND IN KOREA RECEIVED VARYING AMOUNTS OF LOGISTICAL SUPPORT (AMMUNITION, FOOD, GASOLINE, WEAPONS, AND THE LIKE) FROM THE UNITED STATES. THE DEPARTMENTS OF STATE, TREASURY AND DEFENSE ARE UNDERTAKING A COMPREHENSIVE STUDY OF ALL SUCH OUTSTANDING DEBT. YOU MAY NOTE THAT THE LISTING OF ARREARAGES ON THIS DEBT IN TREASURY STATISTICAL REPORTS IN NO WAY REFLECTS ADVERSELY ON GREECE'S CREDITSTANDING VIS-A-VIS THE USG.

7. FOR ANKARA: AS OF 12/31/76 PRINCIPAL AND INTEREST DUE AND UNPAID TOTALLED DOLS 100.2 MILLION. CERTAIN POINTS MADE ABOVE REGARDING GOG DEBT APPLY TO

GOT DEBT AS WELL. SEPTTEL WILL FOLLOW WITH FURTHER
DETAILS REGARDING GOT ARREARAGE ISSUE. CHRISTOPHER

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